

## Risk Assessment and Control Activities Worksheet

Department: STATE REVENUE ADMINISTRATIONPrepared By: JOHN DOEActivity: Drivers License Workstation ActivitiesDate Prepared: March 23, 2005

Objectives	Risk Assessment			Actions to Manage Risks/ Control Activities
	Risks	Significance/Impact	Likelihood	
(1)	(2)	(3)	(4)	(5)
Collect and remit all drivers license fees due the State of Arkansas	Theft of cash by employees	Large	Medium	<p>Daily reconciliation of cash on hand to transactions made during day (ROA 123 Report)</p> <p>Perform dash draws to remove excess cash throughout the employees shift</p> <p>Segregation of duties between cash collection (Employee) and cash depositing (Revenue Agent)</p> <p>State Police background check of new hires</p> <p>Communicate the Code of Ethics to employees at hire date and evaluation dates; Employee signs indicating understanding</p> <p>Implement Cash Handling Policy: Train on an annual basis and document annually during evaluation</p>
	Theft of inventory	Moderate	Medium	<p>Bulk inventory in secured storage</p> <p>Damaged inventory returned to Supervisor to destroy</p> <p>Sign Out Log to remove inventory for daily use</p> <p>Account for inventory by performing reconciliation of inventory Used and inventory on hand on a periodic</p>
	Non collection of late or additional Fees	Moderate	Medium	<p>Daily, Weekly, &amp; Monthly Waived Fees Report by Revenue Office is reviewed by Revenue District</p> <p>System designed to require supervisor override before late fees can be waived</p> <p>System is tested on an annual basis to ascertain that functionality is correct</p>
	Customer theft	Moderate	Medium	<p>Keep work area clean and all documents and cash out of reach of customers</p> <p>Keep secured areas locked at all times; Keys to be maintained only by supervisors</p> <p>Keep cameras, security system and all locks functional and in use</p>
	Information system misuse/theft	Large	High	<p>Only properly certified employees are issued employee specific passwords to log in to drivers license terminals</p> <p>Ensure that only properly certified employees authorized to have system security keys; Employee signs for keys</p> <p>Background check of new hires</p> <p>Communicate the Code of Ethics to employees at hire date and evaluation dates; Employee signs indicating understanding</p> <p>System security keys locked in safe by Supervisor at close of business</p>

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	Risks	Significance/Impact	Likelihood	
(1) Customer satisfaction	(2) Understaffing	(3) Moderate	(4) Medium	(5) Staff office according to schedule that shows transactions per hour, with wait time goal being met  Monitor and schedule leave days utilized by employees to minimize employee dhortages  Stagger lunch and break periods to minimize employee shortages  Replace employees within 30 Days of vacating job  Wait time goal of 10 minutes. Have procedures to document and test wait times by office. Office Manager reviews report and forwards monthly to District Mgr.  Certify Employees in workstation rules and duties  Train employees in weak areas after evaluation periods  Recertify employees periodically in workstation rules and duties  Certify Managers in workstation rules and duties; Test annually to provide reinforcement of correct procedures  Document and maintain security and procedural problems; Include deviations as part of performance evaluation  Office Manager and District Manager perform and document periodic tests of controls and security procedures and forward to Asst Commissioner
	Unknowledgeable employees	Large	Medium	
	Proper supervision of employees	Large	Medium	
Efficient use of tax dollars	Overstaffing	Large	Medium	Ensure that time scheduling rules are followed  Audit time schedules on a monthly basis  Inspect revenue reports and analyze to determine maximum employees Needed - bi annually  Inspect revenue reports and analyze to determine inventory requirements on a monthly basis  Replace inventory used according to schedule developed from analytical data
	Excessive inventory	Large	Medium	

- 1 List all operations, financial reporting and compliance objectives associated with the activity. Goals should be clearly defined, measurable and attainable.
- 2 List all identified risks to the achievement of each goal and objective. Consider both internal and external risk factors. For each goal and objective, several different risks can be identified.
- 3 For each risk, estimate the potential impact on operations, financial reporting or compliance with laws and regulations assuming that the risk occurs. Consider both quantitative and qualitative costs. Use **Large, Moderate** or **Small**.
- 4 For each risk, assess the likelihood of the risk occurring. Use **probable, reasonably possible, or remote**. Alternatively use **High, Medium** or **Low**.
- 5 For each risk with large or moderate impact and probable (high) or reasonably possible (medium) likelihood of occurrence, list both the actions to mitigate the risk to an acceptable level and the control activities that help ensure that those actions are carried out properly and in a timely manner. If no action is present to manage the risk and/or no control activity is present, an action plan to address the risk and an associated timeline should be included.